



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
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Second District

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Third District

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MICHAEL D. ANTONOVICH
Fifth District

February 17, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FIVE-YEAR LEASE AMENDMENT NO. 1 TO LEASE NO. L-0956
CHIEF EXECUTIVE OFFICE
1100 "K" STREET, SUITE 400, SACRAMENTO
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

This recommendation is for a five-year lease amendment for the Chief Executive Office (CEO) Sacramento Advocacy Office to provide continued use of 3,264 square feet of existing office space.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board per Section 15061 (b) (3) of the State CEQA Guidelines.
2. Approve and instruct the Chairman to sign the five-year lease amendment with the California State Association of Counties (Lessor) for 3,264 square feet of office space for the County's Sacramento Advocacy Office at 1100 "K" Street, Sacramento, for a first year cost of \$91,320. The rental and related costs are net County cost. The lease amendment will be effective upon approval by your Board.

"To Enrich Lives Through Effective And Caring Service"

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Intra-County Correspondence Sent Electronically Only***

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since November 1, 1985, the County of Los Angeles (County) has leased the subject property from the California State Association of Counties (CSAC) for use by the CEO, Office of Legislation, Intergovernmental Affairs and External Relations, Sacramento Advocacy Office. The County's Sacramento Advocacy Office is responsible for leading the County's advocacy efforts, including directing staff and contract representatives, and coordinating the advocacy activities of County departments and affiliates.

The County lease expired December 18, 2008, and is currently on a month-to-month holdover. The County has benefited from the existing office location within the CSAC headquarters building because of its close proximity to the State Capitol and the various surrounding government offices. The Sacramento office receives visitors from members of the Board of Supervisors, County departments, as well as numerous State organizations. The CEO is requesting the lease renewal/amendment for continued operation of the County's legislative advocacy operations. The functions performed by the Sacramento Advocacy Office are permanent and anticipated to continue indefinitely.

No Tenant Improvements (TIs) are included in the proposed lease rate. However, the Lessor has agreed to replace the carpet, provide new paint, and repair deferred maintenance items. By re-leasing the existing space, the County will avoid incurring the additional cost associated with the relocation and construction of TIs, low voltage and furniture for a new facility. Parking arrangements for staff are under a separate service contract funded by the CEO.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we provide organizational effectiveness (Goal 3) to ensure service delivery systems are efficient, effective and goal oriented. In this case, the location of the Sacramento office will allow County legislative staff to advocate at the State Capitol and monitor key legislative and regulatory issues that affect the County.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide CEO the use of 3,264 square feet of office space at an initial monthly full service base rent of \$7,610 or \$91,320 annually.

1100 "K" Street, Suite 400 Sacramento	Existing Lease	Proposed Lease	Change
Area	3,264	3,264	No change
Term	Three years (12/19/05-12/18/08)	Five years (upon adoption)	+Two years
Annual Base Rent	\$88,546 (\$27.13 per sq.ft. per year)	\$91,320 (\$27.98 per sq.ft. per year)	+\$2,774 (3.1 percent)
Parking	None (under separate contract)	None	No change
Cancellation	After 12 th month	After 12 th month	No change
Option to Renew	2 three-year options	1 five-year option	-1 option
Rental Adjustment	CPI capped at 3.5 percent	CPI capped at 3.5 percent	No change

Sufficient funding for the costs of the proposed lease is included in the 2008-09 Rent Expense budget, and the CEO has sufficient funding in its 2008-09 operating budget to cover the projected lease costs. The rental cost for the proposed lease amendment for the CEO is net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed five-year lease amendment will provide the Sacramento Advocacy Office 3,264 square feet of office space. The lease contains the following provisions:

- A five-year term commencing upon Board approval and terminating five years thereafter.
- A full-service gross basis whereby the Lessor is responsible for the operational and maintenance costs associated with the premises.
- TIs consisting of new carpet and paint throughout the premises.

- Annual rental adjustments tied to the consumer price index (CPI) up to a maximum of 3.5 percent per annum over the base rent through the term of the lease.
- One five-year option to extend with 90 days prior written notice.

Parking arrangements are part of a separate service contract funded by the CEO, the Sheriff, District Attorney and County Counsel.

CEO Real Estate staff conducted a survey within the Sacramento downtown area to determine the availability of comparable and more economical sites. Based upon said survey, staff has established that the base rental range for similar space is between \$18.00 and \$36.00 per square foot per year on a full-service gross basis. Thus, the base annual rent of \$27.96, full-service gross represents a rate within market for the area. The subject property is located less than a block from the State Capitol Mall, making it a more desirable building for businesses and government agencies. There are no suitable County-owned or leased facilities available for the program in the Sacramento area.

A child care center is not feasible for the department in the proposed lease premises.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

This office has made an initial study of environmental factors and has concluded that this project is exempt from CEQA, pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15061 (b) (3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will provide the necessary office space for this County requirement.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two originals of the executed lease amendment, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
CEM:FC:hd

Attachments (3)

c: County Counsel
Auditor-Controller
Internal Services Department

**CHIEF EXECUTIVE OFFICE
SACRAMENTO ADVOCACY OFFICE
1100 "K" STREET, SACRAMENTO
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>	Yes	No	N/A
A	Does lease consolidate administrative functions? ²			X
B	Does lease co-locate with other functions to better serve clients? ²			X
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Lease represents approximately 326 square feet per person because of the need for meeting space with visiting County officials and other visitors.		X	
2.	<u>Capital</u>			
A	Is it a substantial net County cost (NCC) program?	X		
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report attached as Attachment B?	X		
G	Was build-to-suit or capital project considered? Lease space available in close proximity to the Capitol Mall.		X	
3.	<u>Portfolio Management</u>			
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?			X
D	Why was this program not co-located?			
	1. ____ The program clientele requires a "stand alone" facility.			
	2. <u>X</u> No suitable County occupied properties in project area.			
	3. ____ No County-owned facilities available for the project.			
	4. ____ Could not get City clearance or approval.			
	5. ____ The Program is being co-located.			
E	Is lease a full service lease? ²	X		
F	Has growth projection been considered in space request?		X	
G	Has the Dept. of Public Works completed seismic review/approval?			X
	¹ As approved by the Board of Supervisors 11/17/98			

²If not, why not?

**CHIEF EXECUTIVE OFFICE
SACRAMENTO ADVOCACY OFFICE
SPACE SEARCH FIVE-MILE RADIUS FROM
1100 K STREET, SACRAMENTO**

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	SQUARE FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A037	CAO-COUNTY LEGISLATIVE REPRESENTATIVE OFFICE	1100 K ST, SACRAMENTO 95814	3264	3101	LEASED	NONE
B005	SHERIFF-LEGISLATIVE ADVOCATE'S APT	1500 SEVENTH ST, SACRAMENTO 95814	780	780	LEASED	NONE

**AMENDMENT NO. 1 TO LEASE NO. L-0956
CHIEF EXECUTIVE OFFICE-INTERGOVERNMENTAL RELATIONS
1100 K STREET, SUITE 400, SACRAMENTO, CA**

THIS AMENDMENT NO. 1 TO LEASE NO. L-0956 ("Amendment" or "Amendment No. 1") is made and entered into as of this 17th day of February, 2008, by and between CALIFORNIA STATE ASSOCIATION OF COUNTIES, ("Lessor"), and the COUNTY OF LOS ANGELES, a body corporate and politic ("Lessee").

RECITALS:

WHEREAS, on September 12, 2005, Lease No. L-0956 (the "Lease") was entered into by and between CALIFORNIA STATE ASSOCIATION OF COUNTIES, as Lessor and the COUNTY OF LOS ANGELES, as Lessee to lease approximately 3,264 usable square feet of office space comprising the entire fourth floor (the "**Premises**") of the building located at 1100 "K" Street, Sacramento, California (the "**Building**"), for a term of three (3) years (the "**Initial Term**") from December 19, 2005, to December 18, 2008;

WHEREAS, Lessor, and Lessee desire to amend the Lease for the purpose of extending the term of the Lease and modifying certain provisions of the Lease as set forth herein; and

WHEREAS, pursuant to Paragraph 2, TERM, subparagraph A, Original Term, of the Lease, Lessee and Lessor desire to extend the Original Term of the Lease for a period of (5) years;

WHEREAS, pursuant to Paragraph 2, TERM, subparagraph B, Option to Renew, of the Lease, Lessee and Lessor desire not to exercise and to remove the two (2) three (3)-year Options to Renew and replace said Options with one five (5) year Option;

WHEREAS, Lessor and Lessee desire to amend Paragraph 3, RENT, to reflect the rent to be paid during the Extended Term of the Lease and thereafter;

WHEREAS, Lessor and Lessee desire to amend Paragraph 17, INSURANCE, subparagraphs D, Failure to Maintain Coverage, Item 2, Insurance Coverage by Types and Limits-Lessor Requirements, Item 3 Commercial Property, and F, Insurance Coverage Types and Limits-Lessee Requirements, to revise the general liability coverage limits;

WHEREAS, Lessor and Lessee desire to amend Paragraph 26, RENTAL ADJUSTMENT, to reflect the proper rental adjustment to be used during the Extended Term of the Lease and thereafter;

WHEREAS, Lessor and Lessee desire to amend Paragraph 27, TENANT IMPROVEMENTS, to reflect agreed upon improvements for the Extended Term;

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NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements hereinafter contained, and are intended to be legally bound, Lessor and Lessee hereby covenant and agree to amend Lease No. L-0956 as follows:

1. Paragraph 2, TERM, Subparagraph A, Original Term is hereby modified by the addition of the following subsection:

Extended Term: Lessee desires to extend the Original Term and Lessor is in agreement with Lessee extending the Original Term. As such, the Extended Term of the Lease shall be for a period of five (5) years commencing upon approval of this Amendment No. 1 by the Lessee's Board of Supervisors (the "**Extended Term Commencement Date**"), and ending five years thereafter.

2. Paragraph 2, TERM, Subparagraph B, Options to Renew is hereby deleted in its entirety and replaced with the following:

Lessee shall have one (1) option to renew this Lease (the "**Option**") for a period of five (5) years (the "Option Term") under the same terms and conditions as contained herein, except that the rent shall be renegotiated to the fair rental value which Lessor could derive for the Premises on the open market at the time the Option is exercised ("**Fair Rental Rate**"). The Fair Rental Rate shall be determined by using the rental rate prevailing for similarly improved office space within a one (1) mile radius of the Premises and subtracting therefrom that portion of the rent covering the tenant improvement allowance, if any, for transactions consummated within the last nine (9) months immediately preceding the commencement date of the Option Term. If similarly improved office space cannot be found within a one (1) mile radius of the premises, then the search area shall be enlarged to a two (2) mile radius. In determining the Fair Rental Rate, equitable adjustments to the surveyed rental values shall be made for the size and credit worthiness of the Lessee as compared to the lessees of the comparable properties, the quality of the project, the nature of the Lessee's tenant improvements and any other lease terms having an impact on rental value (such as a tenant's option to expand or purchase).

Lessee, by Chief Executive Office letter, shall notify Lessor in writing not less than (90) ninety days prior to expiration of the Extended Term of Lessee's intention to exercise its Option. The actual exercise of the Option shall be by the Board of Supervisors of the County of Los Angeles or by the Chief Executive Office.

3. Paragraph 3, RENT, is hereby modified by the addition of Subsections A and B as follows:

A. Original Term Rent: The rent language as to the Original Term remains as stated in the Lease and is hereby incorporated into this Subsection A.

B. Extended Term Rent. Lessee agrees to pay as rent for the Premises the sum of SEVEN THOUSAND, SIX HUNDRED, TEN AND NO/100 DOLLARS (\$7,610.00) per month, i.e. \$2.33 per usable square foot per month, during the Extended Term hereof within 15 days after a claim therefor for each such month has been filed by Lessor with the Auditor of the County of Los Angeles prior to the first day of each month. Basic rent for any partial month shall be prorated in proportion to the number of days in such month.

4. Paragraph 17, INSURANCE, Subparagraph D, Failure to Maintain Coverage, Item 2, Insurance Coverage by Types and Limits-Lessor Requirements is hereby deleted in its entirety and replaced with the following:

General Liability Insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

Per Occurrence and General Aggregate: \$5 million
Products/Completed Operations Aggregate: \$2 million

5. Paragraph 17, INSURANCE, Subparagraph D, Failure to Maintain Coverage, Item 3, Commercial Property-Lessee Requirements is hereby renamed and replaced with the following heading, and subparagraphs a through c remain unchanged:

3. Commercial Property-Lessor Requirements:

6. Paragraph 17, INSURANCE, Subparagraph F, Insurance Coverage Types and Limits-Lessee Requirements is hereby deleted in its entirety and replaced with the following:

General Liability Insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

Per Occurrence and General Aggregate: \$5 million
Products/Completed Operations Aggregate: \$2 million
Personal and Advertising Injury: \$1 million

Lessor shall be an Additional Insured (or its equivalent) with respect only to liability arising from Lessee's sole negligence in its use of the Premises.

7. Paragraph 26, RENTAL ADJUSTMENT, is hereby deleted in its entirety, and replaced with the following:

A. CPI. From and after the first anniversary of the Extended Term Commencement Date, on the first day of the first full calendar month thereafter (the "**Adjustment Date**") and on every anniversary of the Adjustment Date thereafter, Base Extended Term Rent shall be adjusted by applying the CPI Formula set forth below.

B. CPI Formula. The "Index" means the Consumer Price Index for all Urban Consumers for the San Francisco-Oakland Metropolitan area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "**Base Index**" shall

be the Index published for the month the Extended Term commences. The "CPI Formula" means Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective (the "New Index"), and the denominator being the Base Index. If the Index is changed so that the Index differs from that used as of the Extended Term Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

C. Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{[\text{Base Index}]} \times \$7,610.00 \text{ (Base Extended Term Rent)}$$

= Monthly Base Rent

D. General Provisions

i. In no event shall the monthly Base Extended Term Rent adjustment based upon the CPI Formula result in an annual increase greater than three and a half percent (3.5%) per year of the monthly Base Extended Term Rent of \$7,610.00 (i.e., not greater than \$266.35 per month annually).

ii. In no event shall the monthly rent be adjusted by the CPI formula so as to result in a lower monthly rent than was payable during the previous year of the then-current Lease term.

8. Paragraph 27, TENANT IMPROVEMENTS, is hereby deleted in its entirety, and replaced with the following:

A. Lessee acknowledges that it is already in possession of the Premises pursuant to Lease No. L-0956, and that Lessor shall be deemed to have delivered possession of the Premises to Lessee on the Extended Term Commencement Date in an "as-is" condition with no alterations or improvements being made by Lessor except the following:

Lessor shall, at Lessor's cost, following the Extended Term Commencement Date, perform the work more particularly described in Exhibit A attached hereto and incorporated herein by this reference (collectively, the "Lessor Work"). The Lessor Work shall be performed using Building standard materials, procedures and specifications, as set forth in Exhibit A hereto. Lessor agrees to perform the Lessor Work before 7:00 a.m. or after 6:00 p.m. on Mondays through Fridays and/or at any time on the weekends. Lessee hereby agrees to use its best efforts to cooperate with Lessor in connection with the construction of the Lessor Work.

Notwithstanding the immediately preceding sentence, in connection with the performance of the Lessor Work, Lessor agrees to move, to the extent necessary, Lessee's furniture and such other items as Lessor may require be moved in order to perform the Lessor Work; provided, however, Lessee shall be required to move Lessee's computers, copiers and other personal property which Lessor or its contractor may request be moved. Notwithstanding the foregoing, Lessor shall use its commercially reasonable efforts to perform the Lessor Work in a manner so as to minimize unreasonable interference with Lessee's business at the Premises. Lessor shall endeavor to perform all work within three (3) months of approval of this Amendment No. 1 by Lessee's Board of Supervisors.

9. Original Lease in Full Force. Notwithstanding anything to the contrary herein, all of the terms and conditions contained in the Lease, which are not expressly modified by this Amendment shall remain in full force and effect. In the event of a conflict between the Lease and this Amendment, the terms of this Amendment shall control.

10. All capitalized terms used herein shall have the meanings ascribed to them in the Lease, unless otherwise specified herein.

11. Each of the signatories for the Lessor personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment No. 1 upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses which result from a breach of this representation.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 1 or caused it to be duly executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Amendment No. 1 to be executed on its behalf by the Chairman of said Board and attested to by the Clerk thereof the day, month, and year first above written.

"LESSOR"

CALIFORNIA STATE ASSOCIATION OF COUNTIES

By: Steve O'Brien
Name: Steve O'Brien
Its: Controller California State Association of Counties

"LESSEE"

COUNTY OF LOS ANGELES,
a body corporate and politic

By: Don Knabe
Name: DON KNABE
Its: Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI,
Executive Officer-Clerk of the Board of Supervisors

By: Donna Hamai
Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: Donna Hamai
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.,
County Counsel

By: Ray G. Fortner, Jr.
Senior Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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FEB 17 2009

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

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EXHIBIT A
TENANT IMPROVEMENTS

Lessor, at Lessor's sole cost and expense, shall perform the following Tenant Improvements in the Premises, utilizing Lessee's current standard grade, quality, make, style, design and color materials and construction methods for the Building, as applicable:

Carpet:

- A. Install new carpet throughout, including corridors and existing stairways, where carpet is currently installed.
- B. Carpet shall be either textured, patterned modular carpet tile, 24oz. minimum yarn weight, or 28 oz. broadloom (carpet roll) throughout. Allow for two (2) or more patterns.
- C. Specify Mannington, Masland, Designweave, Shaw Contract, or approved equal.
- D. Lessor will be responsible for the furniture lift for carpet replacement, including moving any furniture, fixtures, and/or equipment (including the disconnection of electrical equipment), and other property which Lessor or its contractor may require be moved to perform the work, provided however, that upon prior notice from Lessor or its contractor, Lessee shall arrange for all appropriate telephone, communication and computer wires or cables to be disconnected in advance of the moving of such equipment. Lessor and Lessee hereby agree to cooperate with the other party and exercise reasonable, good faith efforts to coordinate the timing and planning of the Tenant Improvement work.

Top Set Base:

- A. Replace with matching top set base as currently installed.

Paint:

- A. Paint all existing interior spaces including, but not limited to walls, ceilings, vent grills, doors, and trim. Provide one primer coat and two finish coats.
- B. Provide one base color and one (1) accent color:
 - Office areas: eggshell or low sheen finish.
 - Restrooms, lunchrooms and breakrooms: semi-gloss.
- C. Specify Dunn Edwards, or approved equal.

Patch work/Repair of interior walls:

Repair interior walls as needed to remove holes, cuts, cracks, scrapes and other irregularities.

Ceilings:

Repair/replace damaged or stained ceiling tiles as needed, match existing.

HVAC & Vents:

At all times during the term of this lease, Lessor, at Lessor's sole cost and expense, shall maintain the heating, ventilation and air conditioning equipment or boiler system in good working order, and repair or replace as needed. Lessor shall also thoroughly clean all heating, ventilation, and air conditioning (HVAC) ducting and the lighting fixtures, and inspect the Premises at least annually to ensure compliance with this provision.